

exhibit c

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# U.S. won't let Taliban access Afghanistan's financial assets held in America

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**KEY POINTS** The Taliban will be hard-pressed to tap Afghanistan's financial assets after the U.S. froze the country's reserves in Federal Reserve accounts.

A Biden administration official told CNBC that any central bank assets the Afghan government has in the United States will not be made available to

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the Taliban.

Ajmal Ahmady, Afghanistan’s central bank chief, who fled the country, wrote Wednesday that he received a phone call Friday that shipments of U.S. dollars would be halted.



Taliban fighters stand guard at an entrance gate outside the Interior Ministry in Kabul on August 17, 2021.  
*Javed Tanveer | AFP | Getty Images*

The Taliban will be hard-pressed to tap Afghanistan’s financial assets and manage their new economy after the U.S. froze the country’s reserves and halted shipments of dollars to the country.

A Biden administration official told CNBC on Wednesday that any central bank assets the Afghan government has in the United States will not be made available to the Taliban. That would include any accounts managed by the Federal Reserve and other U.S. banks.

Separately, a Treasury Department official said

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that it is taking steps to prevent the Taliban from accessing the International Monetary Fund's Special Drawing Rights. SDRs are essentially an IOU that countries can exchange for cash.

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These officials spoke on the condition of anonymity in order to speak freely on the fluid developments in Afghanistan and the administration's potential to switch course.

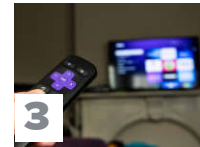
SDRs are printed at the fund, distributed to member countries and can be swapped for U.S. dollars that the U.S. is obliged to provide. SDR reserves worth \$450 million are currently set to be released next week to Afghanistan.

That could pose a significant headache for Taliban leaders given the U.S. dollar's important role as the globe's reserve currency.

Economic sanctions imposed by the Treasury Department and the Federal Reserve can make it far more difficult for foreign governments to



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run an economy without access to dollar clearing since everything from oil to food imports is financed in large part with the dollar.

“The new Afghan government has a real challenge in getting goods and services delivered to the country with the US imposed blocking order preventing US banks from making payments on their behalf, clearing settlements,” Fundstrat policy strategist Tom Block wrote Wednesday. “Today, with the uncertainty overhanging the Taliban government, any seller is going to want to be paid in some widely held currency and USD is almost always the preferred currency.”

Block previously served as vice chair to the State Department’s Advisory Committee on International Economic Policy, where he advised the U.S. government on how to use the U.S. dollar and American banks.

“To make matters worse from an Afghan perspective,” he continued, “the former government, having a strong strategic tie to the USA, had billions of USDs in their US Accounts, and with the blocking order they lose access to this money.”

Ajmal Ahmady, Afghanistan’s central bank chief, wrote on Wednesday that he expects the U.S. Treasury Department to lock the country’s assets and force the Taliban to impose capital



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controls. That, in turn, will foster inflation and devalue local currency, he said on Twitter.

Ahmady, who fled Afghanistan on Sunday as the Taliban took control of the capital of Kabul, is the acting head of Da Afghanistan Bank, or DAB.

Afghanistan had about \$9 billion in reserves as of last week and the Federal Reserve was holding \$7 billion of the country's assets, Ahmady wrote.

"I believe local banks have told customers that they cannot return their dollars — because DAB has not supplied banks with dollars," Ahmady wrote. "This is true. Not because funds have been stolen or being held in vault, but because all dollars are in international accounts that have been frozen."

He added that he received a phone call on Friday that indicated "there would be no further USD shipments (we were expecting one on Sunday, the day Kabul fell) On Saturday, banks placed very large USD bids as customer withdrawals accelerated."

The Treasury Department declined to comment. The Federal Reserve did not immediately respond to CNBC's request for comment.

The Taliban sped across Afghanistan last week, taking control of province after province

following the withdrawal of U.S. troops. That effort, the speed of which caught the Biden administration by surprise, culminated in the flight of Afghan President Ashraf Ghani and the fall of Kabul on Sunday.

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While President Joe Biden has defended his decision to follow through with the withdrawal, the moves to freeze Afghan assets represent some of the last available levers Washington can pull to help prevent a growing humanitarian crisis.

Treasury and the Fed have historically used sanctions to punish foreign governments for a wide range of activities.

The Trump administration, for example, helped throw the Iranian economy into a tailspin after it promised to sanction any country that purchased Tehran's oil or

conducted business with Iran's Revolutionary

Guards.

Iran’s crude exports dove more than 80% thanks to the reimposed sanctions after former President Donald Trump pulled the U.S. out of the 2015 nuclear deal.

— *CNBC’s Sara Eisen contributed to this report.*

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